

**MINUTES OF THE**  
**CITY OF SANTA FE**  
**FINANCE COMMITTEE**

**Santa Fe, New Mexico**

**February 3, 2003**

A regular meeting of the City of Santa Fe Finance Committee was called to order on this date at approximately 5:15 p.m. in City Hall Council Chambers. Roll Call indicated the presence of a quorum, as follows:

**Members Present:**

Councilor Carol Robertson Lopez, Chair  
Councilor Miguel M. Chavez  
Councilor Karen Heldmeyer  
Councilor Rebecca Wurzburger

**Members Excused:**

Councilor Matthew E. Ortiz

**Other Councilors Present:**

Councilor Patti J. Bushee  
Councilor David Coss  
Councilor David Pfeffer

**Staff Present:**

Ms. Kathryn Raveling, Finance & Budget Division  
Ms. Terry Medina, Finance & Budget Division

**APPROVAL OF AGENDA**

**Councilor Heldmeyer moved approval of the Agenda, as published. Councilor Wurzburger seconded the motion, which passed unanimously by voice vote.**

**APPROVAL OF CONSENT AGENDA**

**Upon motion by Councilor Heldmeyer, seconded by Councilor Wurzburger, the following Consent Agenda, as amended, was approved 3-0 by voice vote:**

5. Bid Openings:
  - A. Bid No. 03/18/B – Marty Esther Gonzales Senior Center Renovations;

GemTech Builders, Inc.

1. Request for Approval of Budget Transfer — Project Fund.
6. [Moved to Discussion Agenda.]
7. Request for Approval of Procurement Under State Price Agreement — Tires for City Vehicles; Listed Vendors.
8. Request for Approval — Sale of Gates Hose Crimper Press; Caja del Rio Landfill.
9. Request for Approval of Project Agreement — Selective Traffic Enforcement Programs (STEP); State Highway and Transportation Department, Transportation Programs Division, Traffic Safety Bureau.
  - A. Request for Approval of Budget Increase — Police Fund.
10. [Moved to Discussion Agenda.]
11. Request for Approval — Santa Fe Municipal Airport Disadvantaged Business Enterprise Program Plan and Initial Goal.
12. Request for Approval of Professional Services Agreement — Community Economic Development Plan Update (RFP No. 2003/08/P); Angelou Economics. *[Discussed as an information item. See page 3.]*

## **DISCUSSION AGENDA**

### **Request for Approval of Procurement Under State Price Agreement — Water Meters; Hughes Supply.**

Councilor Heldmeyer asked if these particular water meters would be compatible with any system employing automatic readers.

Ms. Raveling responded that an RFP has been issued for meter readers, after which the Water Division plans to test 1,000 meters to determine the success of the system, and then will propose to convert all meters in the city over a three-year period.

Ms. Raveling commented that, under the new system, meter readings could be done from a truck; additionally, the Water Division will be able to graph a customer account on an hourly and daily basis and immediately detect leaks.

Councilor Heldmeyer noted that some systems do not even require readings from a truck — the data can be sent from the meter.

Ms. Raveling responded that such systems are a little more expensive, but added that the RFP has been left open to allow any number of possibilities, including the one cited by Councilor Heldmeyer.

**Councilor Heldmeyer moved for approval. Councilor Chavez seconded the motion, which passed 3-0 by voice vote.**

**Request for Approval – Construction of a New Hangar on Leasehold at Municipal Airport; Zia Aviation, Inc.**

Councilor Heldmeyer observed that the FAA approved a different version of this lease. She asked what kinds of changes are anticipated in this instance.

Airport Manager Jim Montman responded that the only change is in the height of a building, from 42 feet to approximately 52 feet. He said the FAA has approved the footprint, original height and all other features.

Councilor Heldmeyer also noted that the hangar would be able to accommodate four large firefighting helicopters, and asked if that is an anticipated use for this hangar.

Mr. Montman responded that this was an example of what was on the airfield during last year's firefighting season, and he was trying to give the Council an idea of how large the hangar would be.

Mr. Montman stated that the hangar would be used for general aviation purposes, and its use would be based on existing demand – for instance, in the summer they would expect some of the firefighting helicopters as well as supervisory fire aircraft. He stated that the federal government has gone to secure hangars for almost all of its aircraft.

**Councilor Heldmeyer moved for approval. Councilor Chavez seconded the motion, which passed 3-0 by voice vote.**

**Request for Approval of Professional Services Agreement – Community Economic Development Plan Update (RFP No. 2003/03/P); Angelou Economics.**

*[This item was approved as part of Consent Agenda action.]*

At Councilor Chavez' request, City Economic Development Planner Steve Whitman reviewed the process followed by the City in selecting Angelou Economics in the amount of \$95,485, including GRT.

Mr. Whitman said Angelou Economics representatives will make a presentation at the February 12 City Council meeting.

Councilor Chavez asked if the Community Economic Development Plan will include consideration of locally produced products and local craftspeople.

Mr. Whitman responded that some people feel the City should remain focused on economic gardening, while others feel there should be more recruiting, and yet others feel it should be a combination of these and other factors. He said the whole process is intended to revisit the Plan and get a renewed mandate for what the community expects in this area.

Mr. Whitman also clarified that, while most larger consulting firms such as Angelou tend to focus on recruiting strategies, “we’re making it very clear to them that that should not be an assumption coming into Santa Fe, that they should not assume that we are planning on a huge marketing campaign like they might in Amarillo, say.”

**Public Hearing:**

**Consideration of an Ordinance Amending Chapter 28 SFCC 1987  
Establishing Minimum Wage Requirements for All Businesses  
Who Obtain a Business License or Business Registration From the  
City of Santa Fe Who Employ Ten or More Workers or, in the Case  
of Nonprofit Businesses Who Employ Twenty-five (25) or More  
Workers. (Councilors Ortiz, Coss and Chavez)**

Chair Lopez stated that this was the first of two public hearings on this ordinance, the next to be held on February 17; and additional hearings could be scheduled depending on the need.

Chair Lopez asked speakers to limit themselves to about two minutes.

**Gloria Mendoza, 2912 Pueblo Tsankawi**

Ms. Mendoza commented that the Governing Body recently approved salary increases for its members: “Now that you’ve taken care of yourselves, I really believe it’s time to take care of the people of Santa Fe.”

Ms. Mendoza noted that an out-of-state organization is doing a study on the effects of this proposed ordinance and is interviewing working class residents here. She said she would like to know if the study also takes into consideration the high school dropout rate, domestic abuse, divorces and other problems this community is experiencing, because she believed that many problems families are having are caused by money troubles. She questioned whether the study also considers the cost of living in Santa Fe and whether the people doing the study have ever lived here and know that

historically local people have been gradually displaced and have had to move out of town.

Ms. Mendoza also asked whether the study includes consideration of the fact that many people have to hold down two or three jobs, and that seniors have to find employment to pay their property taxes and otherwise be able to afford to live here.

Jordan Minkin, 1406 Bishops Lodge Road

Mr. Minkin said he purchased the Longevity Café, located in the Plaza Mercado downtown, last summer. He stated that he has never owned a business before, and learned of the living wage proposal just a few weeks ago when he received some emails from the Chamber of Commerce.

Mr. Minkin said he strongly opposes the ordinance. He stated that he works 80+ hours a week in his business, and has ten employees, and the business is not turning a profit.

Mr. Minkin stated that he is on the board of the Plaza Mercado Merchants Association, comprising 45 small businesses located here, and so is very familiar with the business situation here and the struggle the owners are undergoing.

Mr. Minkin said the ordinance may not affect the Longevity Café directly, but he did run some numbers to see what the impact would be on its customers and employees.

Mr. Minkin stated that he would have to raise his prices 1% at the first level of increase, 4% at the second level, and 9% at the third level; just to cover the payroll increases.

Mr. Minkin said that did not include any cost increases from local suppliers. He stated that one of his local suppliers is a bakery that sells regionally, and the owner said it would be very difficult for him to compete in places like Albuquerque and Denver because his prices would have to increase in order to pay for the living wage.

Mr. Minkin expressed concern about the impact of this ordinance in terms of creating inflation, because it would make Santa Fe even more expensive to live in than now.

Mr. Minkin said other businesses may have to lay people off. He stated that the assistant manager at Wal-Mart told him that Wal-Mart struggled last year to keep all of their employees because of a drop in sales, but would have to lay people off should this ordinance pass.

Kathy Hart-Medina, 29 Arroyo Coyote

Ms. Hart-Medina stated that she works for Coca-Cola in Santa Fe on San Mateo. She said Coca-Cola has been in Santa Fe since 1919 and has many long-term employees. She stated that the lowest paying jobs start at \$6.50, and raises are given for performance. She said the company only starts employees at the wage being proposed if they meet certain requirements, e.g., a clean driving record, a vehicle of their own along with auto insurance, or a commercial driver's license.

Ms. Hart-Medina stated that Coca-Cola is paying 100% medical insurance for all employees who desire it. She said, "We feel that that is a very good benefit to our employees, some of whom have never had medical insurance."

Ms. Hart-Medina said she did not think the living wage ordinance provided a good incentive for quality work.

Pat Chavez, 2500 Sawmill Road, #1816

Mr. Chavez stated that, as a member of the Living Wage Roundtable, he has been accused of having a personal interest in the proposed living wage ordinance, but wished to point out that, in his 25 years of experience in working for unions in the private and public sectors, workers have had to negotiate and bargain for their wages.

Mr. Chavez pointed out that the minimum wage has not been increased since 1997, to \$5.15 per hour, or \$10,712 annually. He stated that the 2002 federal poverty guidelines reflect that a family of three making \$15,000 a year meets the guidelines. He said, "There is no way you can live in this community at \$5.15 an hour, and it doesn't take a rocket scientist or an economist out of Florida to tell you that."

Mr. Chavez urged the Council to make its decision based on the facts. He said he was personally insulted when he read in the paper recently that this City Council was not sophisticated enough to do that.

Mr. Chavez distributed information from the National Low Income Housing Coalition as well as an Internet article on Dick's Drive-In Restaurants, which pay starting salaries of \$8 per hour as well as provide college tuition benefits and 100% health insurance coverage.

Carol Ely, Santa Fe Opera, P.O. Box 2408, Santa Fe, 87504

Ms. Ely, director of development at the Santa Fe Opera, stated that the Opera has 75 full time year-round employees, all of whom make more than the suggested base wage as well receive a very attractive benefits package.

Ms. Ely stated that employment at the Opera goes up in the summertime to 600+, making it the second largest employer in Santa Fe County in the summertime. She said the 600+ includes 100 to 110 singing and technical apprentices who are selected from a

pool of about 1,000 applicants. Ms. Ely said the SFO apprenticeship program was established in 1957 by John Crosby, and over the course of the years several thousand young people have gone through this program and many are now the professional backbone of the theatrical technicians, arts administrators and singers who perform in theaters and opera companies around the U.S.

Ms. Ely stated that, with the current cost of the apprenticeship program at \$1.3 million annually – 10% of the Opera’s operating budget – “obviously we are very concerned about our ability to maintain the quality of that program if we are affected by this ordinance.”

Ms. Ely said the Opera is also very concerned about the impact on the local business community. She stated that the local business fund drive is a major supporter of the Opera, and the Opera is concerned that local businesses will be impacted by the ordinance, which in turn could have an effect on the Opera.

Ms. Ely stated that, with both diminished ticket sales and reduced donations, the Santa Fe Opera would experience “a double whammy to our bottom line.”

Suzanne Goetz, 941 Calle Mejia

Ms. Goetz said she has lived in Santa Fe since 1984, and since then her rent has gone up 85% and her income only 25%. She stated that at least 12 of the 26 paychecks she receives annually go entirely to rent payments, and she earns more than being proposed by the ordinance.

Ms. Goetz commented, “I can hear voices in this audience that would say, you came here by choice – if you can’t afford it, get out. I would say to them, remember this attitude when you go into local businesses and you get poor service and unskilled laborers.”

Ms. Goetz stated that NYC has established many housing programs to protect local workers, including rent control and rent stabilization, recognizing that it is a “out of the ordinary place to live” because it is the headquarters for businesses, the arts, the United Nations and so forth, and there is a value in keeping workers there. She suggested that Santa Fe needs to do the same thing given its own somewhat artificial environment.

Ms. Goetz continued, “This is a justified tweaking of things to make it fair. And if you don’t want to do it because it’s the right thing, do it for enlightened self interest so you have us here to work for you.”

Ron Hart

Mr. Hart, president and general manager of Coca-Cola in Santa Fe, said this family-run business has been in Santa Fe for more than 80 years. He commented, “I can

guarantee you that there has not been a single individual who has gone through our location who has complained that the Harts are not paying a fair salary, the Harts are not keeping a clean, well-organized location, the Harts are not taking care of their employees or the community at large.”

Mr. Hart said that, while the cost of goods has not gone up very much at Coca-Cola over the years, the costs he has had to absorb within his company have gone up double digit. He commented that the sponsors of the Living Wage Ordinance seem be blaming his company for the problems that have generated this ordinance. He said, “We are very fair, we are very compassionate, and we work with every single one of our employees in our organization.”

Mr. Hart stated that he adamantly opposed the Living Wage Ordinance.

Marianna Emster, 506 Oñate Place

Ms. Emster said she works retail in Santa Fe for a small business that has existed for 17 years. She stated that she and the other employees are paid well because the owner feels that is important and because the owner values longevity.

Ms. Emster stated that she has personally witnessed how low wages affect families and ultimately the entire community, because when several members of a family work several jobs, their children begin to fall through the cracks. She said that should be considered.

Ms. Emster added, “I think some of our vision has to change about what we consider a good lifestyle on the upper end. Maybe we have to reexamine what our bottom line is.”

Jerilou Hammett, 2405 Maclovio Lane

Ms. Hammett stated that Karl Marx taught that businesses, because they have fixed costs for goods in the marketplace, have to make their profits off of labor. She said that is why so many businesses are operating now in China, India, Indonesia and other places where cheap labor is readily available.

Ms. Hammett also pointed out that trickle-down economics, which started in the Reagan administration, has resulted in the lowering of wages, with more people homeless, hungry and imprisoned than ever before.

Ms. Hammett stated that, by paying workers in Santa Fe more, businesses will keep the money here. Like water in the watershed, she said, “If you keep the money running slowly in Santa Fe among the workers, turning over, staying here, rather than leaving with big corporate heads, we will have a healthier economy.”



Gwen Wardwell, 945 Camino de Chelly

Ms. Wardwell stated that she established and owned Eden Landscapes until March 2001; as of that date, the lowest salary she was paying was \$8.00 an hour. She said, "I had loyal workers, morale was high, they took pride in their jobs." She said she had a waiting list although she did very little advertising, which she attributed to "paying people enough that they could almost live on it."

John Otter, 2300 West Alameda

Mr. Otter stated that Santa Fe's "real living wage" is about \$12.50 an hour, so the proposal to begin at \$8.50 would provide some relief but there would still be people working two jobs, or entire families working, which has an effect on the time family members spend together.

Mr. Otter said that Santa Fe's economy stands alone in this area, so raising prices 1% to 5% "will not have as great an impact on supply-demand as it would in other places."

Mr. Otter stated that no city in the U.S. has extended a living wage requirement into the private sector, so there is no precedence for this; however, he was "vaguely aware of" other parts of the world where this has occurred, and believed it has had a positive effect.

Mr. Otter urged the Council "to take a little risk and try this out," giving a one-year opportunity (between the \$8.50 and \$9.50 provisions of this bill) to evaluate the response.

Addressing a previous speaker's remarks about Wal-Mart, Mr. Otter pointed out that many people lost their jobs when Wal-Mart located in Santa Fe in the first place, so his sympathies were mixed.

Jennifer Hammit

Ms. Hammit stated that she works for McPartlon Roofing in Santa Fe: "I started there at \$7.50 an hour, and I now make \$12 an hour because I'm very good at my job."

Ms. Hammit stated that McPartlon hires about 15 employees in a slow season, and in the summer that increases to about 30. She said unskilled laborers start at \$7 to \$8 per hour, and receive raises as they gain skills. She stated that people who have been working for McPartlon for five or ten years are getting \$14 or \$15 an hour.

Addressing the effects of the ordinance, Ms. Hammit said that it would force McPartlon to raise the payrolls of all of its employees in order to pay people commensurately for their skills — so the person making \$15 an hour would now make \$20.

Ms. Hammit said the real problem, however, was that insurance rates for Workers Compensation, general liability and other taxes require McPartlon to pay 61¢ on every dollar paid an employee. She said McPartlon is not profitable enough to pay the increased amount out of its own pocket, so it will be forced to cut back on its workforce. She stated that McPartlon will no longer hire unskilled laborers for on the job training, either.

Jo Kenney, 1451 Santa Cruz Drive

Ms. Kenney stated that she runs a small nonprofit and pays \$12 an hour to employees. She said, "I was embarrassed when we were hiring a half-time position, with benefits, to get people with masters degrees applying to work as an office manager, because that's how poor the wages are in this town. They thought, 'this is great; I'll get medical insurance.'

"I'm embarrassed by the amount of money people who own businesses in this town make compared to what the workers make."

Ms. Kenney stated that most of the people she knows cannot afford to shop anywhere north of Wal-Mart.

Ms. Kenney said she has a friend who is a single parent with two teenaged children, and who works as an aide in the public schools. She stated that her friend takes home \$700 a month, on average, and \$900 a month when she works a lot of overtime. She stated that her friend went to counseling "because she thought she was a really bad parent, because she couldn't figure out how to buy enough food, even with food stamps, to feed her children. That's an awful situation to be in as a parent in this community. And her story is repeated hundreds of times."

Ms. Kenney asked Councilors to keep in mind that many people are afraid to speak up in favor of the ordinance for fear or reprisal from their employers.

Tom Kaye, 100 Sandoval

Mr. Kaye, president of the Santa Fe Restaurant Association and food and beverage director at the Hilton, stated that many business with 20 or fewer employees are concerned with how they will pay the proposed living wage without increasing their prices, which could affect their ability to compete in the marketplace.

Mr. Kaye stated that many restaurants in Santa Fe are opposed to the ordinance.

Stan Rosen

Dr. Rosen, retired professor of labor and industrial relations, said he was a member of the Living Wage Roundtable.

Dr. Rosen stated that if management and business in the U.S. had not opposed legislation to help poor people and minimum wage at the national level, there would be no need for a living wage ordinance.

Dr. Rosen said he was chagrined at what happened with the Roundtable, because as soon as discussion about a living wage came up, "we heard we were going to be sued, we heard legislation was being proposed in the Legislature to make it impossible...to make a decision at the local level." He said this was a breach of faith because everyone on the labor side at the Roundtable listened carefully and respectfully to the arguments presented.

Dr. Rosen challenged the business community describe their program to help poor people in the community.

#### Carol White

Ms. White, executive vice president of the New Mexico Restaurant Association, representing restaurants in Santa Fe, stated that the national average for restaurants is 5% profit: "If you raise wages 67%, as you're proposing to do, they will have no profit and they will have to take it out of their bottom line and they will have to raise their prices.

"Santa Fe is already known as a very expensive place to live and work, and this tends to make it more expensive."

Ms. White said the Association felt that this type of mandate would discourage new employers, even those offering higher than average wages, from locating here. She stated that businesses relocating their businesses outside of the city could also have an effect on gross receipts tax revenues. Further, she said, it could decrease incentives for teens to finish high school and seek further education and training, which would increase the dropout rates.

#### Carolyn Lee, 52 Camarada Loop, Eldorado

Ms. Lee, a bed & breakfast owner, said she was surprised that this ordinance was being introduced in such a shaky local and national economic climate.

Ms. Lee said her business has dropped 14% in the past eight years while her costs have increased. She said she pays her beginning housekeepers, who do not speak any English, \$8.50 an hour. She stated that she has a loyal staff and some employees are making almost \$10 an hour because of longevity, even though they do not speak English.

Ms. Lee stated that, while \$5.15 an hour was an insult, the proposal to more than double that was not economically feasible for her. She said she is using her savings to keep her business running right now. She pointed out that many businesses along San Francisco Street and Palace Avenue are now closed.

Ms. Lee said people on the Living Wage Roundtable pointed out that, because Santa Fe is such a great destination, businesses can raise their prices to make up for the increased wages under the ordinance: "This is simply not true. It has become less and less attractive to the traveler over the past eight years."

#### Jerry Easley

Mr. Easley, president of the Santa Fe Chamber of Commerce, said the Chamber was against the City Council imposing a living wage on the private sector and jeopardizing the livelihood of local businesses. He stated that the ordinance would have unintended consequences, including forcing people out of business.

Mr. Easley urged the Council to commission a thorough and unbiased study of the economic impacts of the ordinance.

#### Roland Richter, 90 Arroyo Coyote

Mr. Richter, owner of Pizza Etc. and Joe's Diner, said he pays his employees at Pizza Etc. \$7.20 an hour. He said his payroll is 31% of his revenues.

Mr. Richter said, "If I change the rate to \$8, that is about a 2% increase, but I could keep my food prices the same to the customers. If I go up to \$10, the increase would be 43%, and I could not absorb that; I would have to raise my prices about 15% to 20%." He stated that he would have to factor in unemployment insurance, which is based on payroll, as well as Workers Compensation and other insurance costs based on payroll.

Mr. Richter said many of his customers at Pizza Etc. are earning minimum wage themselves, and could be impacted by having to pay \$6.50 for a sandwich instead of \$5.75.

Mr. Richter urged that an impact study be done on the consequences of the ordinance.

Mr. Richter said he mortgaged his house to establish Joe's Diner, so was taking a huge risk. He said the restaurant has not turned a profit in the four months since it opened.

Clarice Coffey, 3201 Calle de Molina

Ms. Coffey, owner of Custom Tours by Clarice, said her business not only does tours, but also does a lot of transportation, particularly airport transfers.

Ms. Coffey stated that, in the 14 years she has had this business, she has had problems finding well qualified drivers, even though she pays her employees considerably more per hour than what the proposed living wage would be escalated to.

Ms. Coffey said that, very shortly after the Shuttlejack accident, the vast majority of commercial carriers stopped writing policies for any carrier in New Mexico. She stated that her insurance rates have since gone up 30%.

Ms. Coffey said her rates are regulated by the PRC, which last year gave her permission to raise her rates from \$15 to \$20 per person to transport people to the Opera. She stated that the legal fees, however, cost her more than she was able to bring in by raising the rates.

Ms. Coffey asked the Council to give this ordinance very serious consideration. She pointed out that Grayline, located in Albuquerque, ceased operating throughout New Mexico and relocated its 30 47-passenger buses to another state because of insurance rates.

Ralph Nava, 2303 Callejon Hermoso

Mr. Nava said he has been in the financial service industry for 25 years, and has worked with many businesses here. He commented, "Everybody thinks that businesspeople are very rich and everybody else is very poor.... I have seen business owners not get paid a penny so that they can pay their employees. You think that businesses owners are cash cows? That's not the case."

Mr. Nava said this ordinance would deal with the symptom, not the problem. He stated, "We need to work on our education system, on building a better work ethic.... How do we get [employees] to the point where they can generate more income for the business person so the business person can afford to pay that?"

Kenneth Pin, 1810 Calle de Sebastian

Mr. Pin, a member of the Living Wage Roundtable, said the labor and management sides of the Roundtable agreed on two things: wages in Santa Fe are low; and it's very expensive to live here.

Mr. Pin pointed out that Councilor Jimmie Martinez, who drafted the Living Wage Ordinance, spoke to the effect the ordinance would have on families: "How do you

quantify more time at home with members of your family? How do you quantify not running around from job to job?"

Mr. Pin stated that a study done in NYC years ago "said that there were more people who had a second job than there were people who were unemployed. I am willing to bet that that is the same situation in Santa Fe."

#### Michael Trujillo

Mr. Trujillo, owner of Michael's Valet, Private Ride and Griffin Group Protective Services, three different companies, said he employs 32 young people during off season and 64 during the regular season. He stated that they start at \$8 an hour, and supervisors start at \$11 an hour.

Mr. Trujillo expressed concern that increasing salaries as proposed in the ordinance would increase his insurance rates (Workers Comp) "phenomenally," and he was not sure he would be able to continue to hire young people at that rate. He said many college kids who come back to Santa Fe in the summer rely on making \$3,000 to \$4,000 in the summer months from his businesses.

Mr. Trujillo stated that, as a subcontractor to the Santa Fe Opera, he would have to raise his prices to keep the young people employed. He expressed concern about the domino effect of this ordinance.

#### Glenn Ellington, 4120 Monte Carlo

Mr. Ellington, an attorney, said he has reviewed the proposed ordinance and had "a notebook full of questions." He said one addresses whether or not the City has the authority to impose this ordinance under its charter.

Addressing unintended consequences, Mr. Ellington stated that the bigger question was whether or not the City would be able to protect nonprofits and small businesses under the ordinance. He said the New Mexico Constitution, under its privileges and immunities sections, has specific language that affects the Legislature's ability and, by analogy, the Council's ability to protect individual groups using that criteria. He stated, "If we're talking about businesses of ten or less, or private nonprofits of 25 or less, you may enact an ordinance where that provision is struck and therefore this could apply to everyone, or make this entire bill ineffective as to everyone if you choose not to enforce it as to those two groups as well."

#### Kingsley Hammett

Mr. Hammett said the U.S. is a very poor country in many ways. He cited the fact that some schoolteachers are spending hundreds of dollars of their own money to buy

notebooks, pencils and other school supplies for their students, and students are selling chocolate bars door to door so they can raise money for supplies or travel.

Mr. Hammett stated that, when he was in grade school 50 years ago, there was art, music and PE: "All that's gone because we've shoveled all the money to the top bracket of this nation, and it's only the 1% at the top who are really making out in this system. And I'm ashamed of that. And to keep pushing wages down has become a national disease. And I don't want to be a part of that disease. I'd like to see Santa Fe become a part of something healthy...."

Pat Acher, 8380 Cerrillos Road

Mr. Acher [spelling unknown], representing New Mexicans for Free Enterprise, stated that this ordinance would affect the entire economy in Santa Fe because everyone would have to raise their prices, and then the economy would simply shift upward, resulting in no net effect at all. He pointed out that employers with fewer than ten employees could see their employees leave in order to work with an employer with more than ten employees.

Renny Storm

Ms. Storm, a registered nurse, related the stories of Moses and Mahatma Gandhi, who freed entire nations of people, and Dr. Martin Luther King, who started a movement. She said, "Things didn't happen overnight. Things happened slowly, and I'm telling you that you have a movement going, and it's not going to stop with Santa Fe, and that movement is the living wage."

Ms. Storm said her sister has been a schoolteacher at Kaune Elementary School who had to work two jobs just to pay her rent and bills.

Wynona Nava, 2303 Callejon Hermoso

Ms. Nava stated that she runs a credit union in Santa Fe, and was confused by comments that wages were being pushed down, because wages at her business have continually gone up. She said she has been recognized locally and statewide for the benefits the credit union pays as well as the way it is run.

Ms. Nava stated that the credit union does not understand how it will be able to establish a merit pay system with this ordinance. She said the result of the ordinance will be that everyone will be paid essentially the same salary.

Ms. Nava said, "As a nonprofit financial institution what doesn't have a bank in California or whatever — I mean, we're here in Santa Fe, and that's all we have — I see our people, if we have to raise loan rates and we have to lower deposit rates, doing their

business on the Internet. It could really severely harm our credit union, which has only \$40 million in assets compared to the billions nationally.” She also expressed concern whether her employees, who start at \$8.50 an hour, will be better off at \$10.50 if they have to pay more for everything else.

Robert Samuel, 84 Sunlit Drive

Mr. Samuel stated that he supported the Santa Fe Living Wage Ordinance. Addressing Michael Trujillo’s concerns, Mr. Samuel pointed out that, if everyone raises the wages for their employees, businesses will not suffer a competitive disadvantage over anybody else who might be providing transportation services for the Opera. He said it was a possibility that the Opera might raise their ticket prices by a quarter or 50¢ to cover the additional costs.

Mr. Samuel stated that \$8.50 an hour at 40 hours a week equals \$1,400 a month. He pointed out that health insurance for an adult is \$400 a month, though, so that could not even be considered a true living wage.

Ed Reid, 510 Alto Street

Mr. Reid said the Council did not start the living wage issue: “Wages have always been predicated on the living wage principle. Wage earners will not continue to work for an employer if they can’t live, so this is not something new. The Living Wage Ordinance simply politicizes something that already exists.”

Mr. Reid said many employers have addressed the Committee tonight who are compassionate people who treat their employees well, and work harder than their employees. He stated, “These are not greedy people who are only profit oriented... so please don’t miss that point in your deliberations.”

Mr. Reid stated that the fiduciary responsibility of the Finance Committee, and its members, “is to take care of the financial well being of this city. There is no free lunch. The difference between the minimum wage elsewhere and the minimum wage in the city of Santa Fe has to be paid by somebody. Right now, it’s being paid by willing employers to the degree that they can, and sometimes beyond the degree that they can sustain. If you force it to be increased, you are creating a deficit for this city’s financial future forever. You must think this through carefully....”

Harold Dixon, 813 St. Michael’s Drive

Mr. Dixon, president and CEO of the State Employees Credit Union, said he strongly opposed the ordinance. He said the City “has no business messing with the private sector of this city in setting a minimum wage.... I think wages ought to be based on



merit, and that's exactly what we do in our shop." He said entry level employees with no experience begin at \$7.50, and they receive raises based on doing a good job.

#### Ken Kirk

Mr. Kirk stated that he has owned Frontier Frames in Santa Fe since 1973; the business was started by his father.

Mr. Kirk said he was concerned about the economic impact of this ordinance on the entire community in terms of price increases throughout the private sector. He stated that the prices of picture frames would increase in his own business to the point where people would start shopping in Albuquerque primarily. He said his workforce would decrease through attrition and layoffs. He expressed concern that the unemployment rate in Santa Fe would go up.

#### Karl Sommer

Mr. Sommer, a lawyer, said the Council should first ask itself whether it had the power to impose this ordinance as a home rule municipality.

Mr. Sommer said the Brennan Center Report, the only documentation he has seen supporting the ordinance, was written by a law student in New York City two years ago and this person does not practice law in New Mexico. He stated that a footnote in the report concludes, " 'the New Mexico Constitution says home rule municipalities do not have the authority to govern civil relations between individuals.' That has nothing to do with this issue. And he cited a divorce case that said marriage is one form of civil union. That's all it said."

Mr. Sommer suggested that the Councilors either consult with the City Attorney or else hire a legal consultant to offer advice on whether or not the Council can adopt this ordinance.

Mr. Sommer said the law student also concluded that the City could condition zoning approvals on the businesses receiving the zoning approvals to pay a certain minimum wage. He stated that this is illegal in New Mexico because the Legislature has stated that zoning authority is restricted to regulating density, height, location, numbers of people and natural resources.

#### James Rodriguez

Mr. Rodriguez, chief steward of Local 3999, said people on both sides have acknowledged that there is a problem and that the City needs to do something about it. He stated that some people in Santa Fe "are living a nightmare everyday, who can't

afford prescriptions, can't afford to take their kids to the doctor, can't afford the extra niceties."

This concluded public comment.

Chair Lopez stated that the Finance Committee would hold a second public hearing on February 17 and would begin hearing public comment at 6:00 p.m. or shortly thereafter in order to allow working people time to get to the meeting.

[Five-minute recess.]

### **Request for Approval of Proposed Revisions to City of Santa Fe Purchasing Manual**

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Ms. Raveling stated that proposed changes to the Purchasing Manual were postponed at the last meeting pending clarification on Section 27, Debarment or Suspension of Vendor.

Ms. Raveling clarified that there is an appeal process in place under Section 26 (Protest and Resolution of Protests), a copy of which was included in the packet.

Responding to concerns expressed by Councilor Ortiz at the last meeting that this process allowed for the termination of contracts without authorization from the Governing Body, Ms. Raveling clarified that the process outlined in the manual was not intended to cancel or terminate contracts. She said that process is typically included in a contract with specific requirements; and if a contract is terminated for cause, debarment or suspension could be a subsequent action, but a debarment or suspension could occur without termination of a contract.

Addressing proposed changes, Ms. Raveling said current procedures call for the Purchasing Director to recommend to the City Council, and the proposed procedure would call for the affected department to submit a request, with reasons for the request, to the Purchasing Director. She said the Purchasing Director would then forward a determination to the City Manager, who would make the decision. She noted that an appeal process is already in place.

Ms. Raveling said she also added clauses addressing the following: failure to perform to specifications or time limit on City contract; recent record of failure to perform on City contract; debarment by another governmental entity, and violation of ethical standards or fraud.

**Councilor Heldmeyer moved for approval. Councilor Chavez seconded the motion, which passed 3-0 by voice vote.**

### **Request for Approval – Fiscal Year 2002/2003 Midyear Budget**

## **Review and Adjustments**

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- A. Update of Quarterly Reports on Enterprise Funds for Quarter Ended December 31, 2002.**
- B. Update on Gross Receipts Tax and Lodgers Tax.**
- C. Review of Investment Report for Quarter Ended December 31, 2002**

Ms. Raveling called the Committee's attention to financial information on General Fund revenues and recommended expenditures; quarterly reports on the enterprise funds through December 31; a summary of GRT and Lodgers Tax revenues, and the quarterly investment report.

Ms. Raveling stated that, according to the gross receipts tax schedule, there was an approximate 6.5% increase over this time last fiscal year. She said she had warned the Council, however, that there was double digit growth in FY 2001 until the midyear point, but overall growth for the entire fiscal year was just over 2%.

Ms. Raveling said staff was proposing a 2.36% increase in the GRT revenue budget, which would provide for the immediate needs of the City through the end of the fiscal year.

Ms. Raveling reviewed and recommended a series of net increases in the General Fund in the following areas: General Government, Human Resources, City Clerk, Fire, Police, Planning, Recreation, Parks and Library; for a total of \$1,016,473.

Ms. Raveling noted that the largest item was in Police, which called for \$365,000 to cover a projected increase in costs for the jail.

Referring to the reinstatement of several General Fund positions as part of the recommended increase, Ms. Raveling noted that there were still 13 General Fund positions that were not being recommended for funding at this time.

Ms. Raveling reviewed recommended increases for other funds, noting that other items not on the list have already been approved by the City Council and will be formally included in a resolution for DFA purposes.

Ms. Raveling also noted that budget adjustments exceeding \$20,000 for the second quarter were included in the packet.

Councilor Wurzbarger asked Ms. Raveling to provide the Committee with a list of the General Fund positions not being recommended for reinstatement.

Responding to questioning from Councilor Heldmeyer regarding the \$365,000 in additional jail costs, Police Chief Beverly Lennen stated that, based on jail costs for the last fiscal year, \$195,000 was budgeted from the Corrections Fee Fund and another

\$400,000 from the General Fund, for a total of about \$600,000. She added, however, that early on in the current fiscal year, Police Department staff began to notice and consequently track significant increases in the amount of time being spent in jail based on judgment and sentencing. She said this resulted in the Police Department's projections that jail costs for the current fiscal year would be about \$960,000 if the trend were to continue.

Chief Lennen elaborated that this increase could be attributed to people assigned to the alternative sentencing program who are failing to comply with the conditions of the program, leaving the Judge no alternative but to sentence them to jail for significant amounts of time, because all their other options have been exhausted.

Chief Lennen said that, in looking at ways to cut up front costs, Judge Gallegos has cut down the holds on misdemeanants to six hours rather than 48 hours before release.

Councilor Heldmeyer asked when the jail contract would be finalized with Santa Fe County.

Chief Lennen responded that the contract was still being negotiated. She stated that the City and County have met over a period of several months and the City recently made an offer to the County, but there has been no counteroffer at this point.

Councilor Chavez asked Chief Lennen if this essentially meant the alternative sentencing program was not working, and Chief Lennen responded that Judge Gallegos and court administrator Mary Ann Caldwell could provide figures demonstrating that jail costs would be even higher without the alternative sentencing program.

Councilor Heldmeyer noted projected overage and claims of \$823,000 on the City's insurance, primarily from retirees, and expressed concern that people signing up for the new fiscal year for insurance will know what their costs will be.

Human Resources director Arturo Rodriguez responded that staff was looking at options in the retiree health program and regular health program to see what direction the City needed to go in. He stated that the City currently picks up 75% of the employees' contribution for healthcare, and premiums are lagging somewhat behind the national level. He said that, with respect to retiree health, employees have a 1/2% contribution and the City contributes 1%. He commented that the City consequently has to subsidize claims each year at a significantly higher level.

Mr. Rodriguez said he hoped the City would be able to address this situation prior to the next signup, which takes place in July.

Councilor Heldmeyer asked what fund was covering the extra cost, and Ms. Raveling responded that it was coming from cash balances in the Risk Management administration fund. She said there were cash balances in the Workers Comp Fund, as well, but stressed that the City could not keep taking money from balances to pay for

these insurance overages. She said staff has been meeting with the insurance consultant, who has offered some helpful advice.

Chair Lopez asked staff to provide a report on this issue to the Finance Committee at either of the March meetings.

Parks & Recreation director Ron Shirley agreed to provide the Public Works Committee with possible alternatives should the City have to close Salvador Perez Pool.

Councilor Chavez noted that the National League of Cities will be introducing a resolution to Congress supporting local governments in their efforts to collect gross receipts taxes at the point of sale, whether through the Internet or at an actual business location. He said the City of Santa Fe has been somewhat weak in capturing these revenues, particularly from the art market, which ships art out of state without charging GRT.

Ms. Mevi reviewed the quarterly investment report. She noted that the City's investment portfolio as of 12/31/02 was \$133,490,530. She stated that investment activity for the quarter was low because the purchase of U.S. Treasury Securities is not very lucrative at the current time, so the Investment Office is focusing on overnight funds and money market mutual funds.

**Councilor Heldmeyer moved to approve staff's recommended budget adjustments and increases. Councilor Wurzbarger seconded the motion, which passed 3-0 by voice vote.**

**Request for Approval – Nonexclusive Cable Television Franchise Agreement; Comcast Cablevision.**

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ITT director Rick Carlisle requested approval of the City's Non-exclusive Cable Television Franchise Agreement with Comcast Cablevision.

Mr. Carlisle stated that the City collects \$220,918 under its current franchise agreement; under the new contract, which is 5% rather than 4% as previously, the City's collections will be boosted to \$452,195, an increase of 86%. He said the actual total value of the franchise, including PEG channels and in-kind services, will be \$651,635 – or \$9.8 million over 15 years.

Chair Lopez stated that she has received numerous complaints from her constituents about Comcast service and lack of response to telephone calls. She asked if the negotiations included improved customer service with Comcast.

Mr. Carlisle commented that, when he first took over the negotiations with Comcast, he was receiving an average of 12 to 15 calls a day from irate subscribers. He said that has decreased to two calls daily, and the calls are chiefly about the rate increases.

Mr. Carlisle said Comcast has taken some major steps to improve customer service.

Comcast government affairs director Kevin Bell stated that the previous Comcast management team has been replaced by a new management team that includes someone who deals with complaints generated from the upgrade. He stated that one of Comcast's customer service people has been moved to Santa Fe, and she lives here.

Mr. Bell said Comcast's customer service statistics now reflect that 88% of service calls are answered in 30 seconds or less, and the federal requirement is an 80% standard.

Councilor Heldmeyer asked how much the franchise fee increase to 5% would cost the average consumer, and Mr. Carlisle responded that it would be about 36¢ a month.

Councilor Heldmeyer observed that the City will get three public access channels, but if it doesn't make sufficient use of them, Comcast has the right to take back part or all of the channels.

Mr. Carlisle responded that cable companies have that right under FCC regulations. He said Comcast will do audits to verify how much programming is actually being done as opposed to kiosk type programming.

Councilor Heldmeyer said this raised the question of how likely it would be that the City would be filling three channels in the near future. She commented that the single existing channel does not have programming all the time.

Mr. Carlisle said a board consisting of various entities would be appointed to deal with all programming details. He commented that, under the current system, programming is decided by the Community College.

Councilor Heldmeyer remarked that, while service questions have dropped off, she gets a lot of complaints about how much the rates have gone up and how quickly they have gone up. She said Comcast may point to increased service, but that is not very comforting to people who only watch four or five basic channels — especially senior citizens living on fixed incomes.

The Comcast operations director responded that Comcast now provides limited basic service of 25 channels at \$9.95 a month, something that was not available until the upgrade was completed here.

Chair Lopez and Councilor Heldmeyer suggested that Comcast publicize this \$9.95 package. Chair Lopez remarked that the local AARP chapter, among other groups, would be very glad to hear about it.

Mr. Bell assured the Committee that Comcast would include this information in an upcoming advertising campaign.

Councilor Heldmeyer stressed to Mr. Bell, "Don't just bury it somewhere in the middle of the new services information. A lot of our seniors are not particularly interested in high speed digital access to the Internet."

Mr. Bell responded, "Understood. And I'll take that back to Comcast."

Mr. Bell also clarified that the franchise requires Comcast to provide free PEG channels; if they are not fully utilized, it allows for some joint use. He emphasized that Comcast would not take the PEG channels back; rather, if there is no programming on the Education channel, then it is essentially a fallow channel and Comcast should be able to use it. He added, however, that "once the Education folks get their programming together and make an application to the administrator, they get the right to use that channel again."

Chair Lopez noted that the Santa Fe Indian School and the IAIA have expressed an interest in being on one of the channels. She stated that, were the Indian School to take over one of the channels, they would have to pay for its operations.

Councilor Heldmeyer said she thought that unlikely, however. She expressed concern that, by virtue of the fact that the City is involved in this endeavor, it will be asked for more money. She commented that, while the City is only responsible for the Government channel, it would end up with some responsibility for the other channels too.

Chair Lopez stated that the Indian School is already looking into the possibility of grant funding because there is so little Indian programming. She agreed that the City would have to be cautious in entering into such an agreement, but thought this discussion premature.

Councilor Heldmeyer said the Community College will soon have a new board and a new president, and she thought it would behoove the City to work with them as early as possible.

Councilor Heldmeyer expressed concern that no one look at the new franchise as a cash cow: "I don't want [staff] to come back here in six months and say, well, yes, we took this money out and that money out, and now we need X amount more to do what we want to with this station or stations."

**Councilor Wurzbarger moved for approval. Councilor Chavez seconded the motion, which passed 3-0 by voice vote.**

**Request for Approval of a Resolution to Develop and Adopt a  
Regional Affordable Housing Strategy. (Councilors Pfeffer,  
Wurzbarger, Ortiz, Heldmeyer, and Alexandra Ladd)**

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**Request for Approval of a Resolution to Increase the Amount of**

**Developable Lands for Affordable Housing. (Councilors Wurzburger, Ortiz, Pfeffer, Heldmeyer and Alexandra Ladd.)**

**Request for Approval of a Resolution to Create an Affordable Housing Investment Fund and Facilitate Expenditure of Existing Financial Resources to Support Affordable Housing. (Councilors Wurzburger, Ortiz, Pfeffer, Heldmeyer, Bushee and Alexandra Ladd)**

Councilor Wurzburger moved approval of the three resolutions, as amended by the Public Works Committee. Councilor Heldmeyer seconded the motion, which passed 3-0 by voice vote.

**Consideration of Resolution Approving the National Pollution Discharge Elimination System Plan and Submitting an Application for a Permit From the U.S. Environmental Protection Agency. (Councilors Chavez, Heldmeyer, Bushee, Coss, Pfeffer and Lopez.)**

Ms. Raveling stated that this item was before the Committee today at the request of Councilor Ortiz, who was not present, and who wanted additional information on costs. She referred to cost summaries prepared by Dennis Gee and Marian Shirin.

Councilor Chavez said he saw no need to delay this item further, given an approaching deadline.

Ms. Medina noted that this was a request to publish notice of public hearing on February 26.

**Councilor Chavez moved for approval. Councilor Heldmeyer seconded the motion.**

Following discussion, it was agreed that the cost items and Best Management Practice items (whether any could be deleted or delayed) would be discussed at the Public Works Committee.

**The motion passed 3-0 by voice vote.**

**OTHER FINANCIAL INFORMATION**

**Report on Use of Lodgers Tax**

Councilor Heldmeyer stated that Ms. Raveling indicated at a convention center funding meeting that it was her policy to try to wean the City off of some of the expenses it has been paying with Lodgers Tax monies. She said the Public Works Committee commented that they did not think this was necessarily appropriate, especially in the area of Transit, and planned to discuss this further at its next meeting.



Chair Lopez requested that this item be brought back to the Finance Committee after Public Works Committee discussion.

**Councilor Heldmeyer so moved. The motion was seconded by Councilor Wurzbarger and passed 3-0 by voice vote.**

#### **MATTERS FROM THE COMMITTEE**

- Councilor Heldmeyer distributed copies of a proposed resolution that would go forward as a package with two related ordinances:

Repealing Resolution 1999-76 Regarding Readoption of Administrative Procedures for City HOP Program and Readopting Administrative Procedures with Further Amendments.

- Addressing Public Works director Mike Lujan, Chair Lopez stated that a legislative hearing on greywater was held today, and the only concern expressed at the hearing was by someone who read remarks in the newspaper by Wastewater director Costy Kassisieh that the City was “having problems at the treatment plant because the City was conserving too much water.” She said she questioned Mr. Kassisieh, who told her that he had actually said the City “might have problems.” She expressed concern that his remarks had created the impression that everyone’s sewers would back up if greywater legislation was adopted.

Chair Lopez said she thought the City should issue some kind of clarification.

Mr. Lujan stated that he would look into this issue.

Councilor Chavez commented that he thought it obvious that increased water conservation would result in less inflow to the plant.

#### **ADJOURN**

Its business completed, the Committee adjourned the meeting at approximately 8:15 p.m.

Accepted by:

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Councilor Carol Robertson Lopez, Chair

Reviewed by:

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Kathryn Raveling, Finance Director

Submitted by:

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Judith S. Beatty, Recorder